

STATE OF IOWA  
PROPERTY ASSESSMENT APPEAL BOARD

**Randal & Shelly VanderLeest,**  
Petitioners-Appellants,

v.

**Polk County Board of Review,**  
Respondent-Appellee.

**ORDER**

**Docket No. 10-77-0186**  
**Parcel No. 240/00739-505-000**

On May 12, 2011, the above-captioned appeal came on for hearing before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al. Petitioners-Appellants, Randal and Shelly VanderLeest, requested a hearing and submitted evidence in support of their petition. They were self-represented. The Board of Review designated Assistant County Attorney Anastasia Hurn as its legal representative, and she represented it at hearing. The Appeal Board now having examined the entire record, heard the testimony, and being fully advised, finds:

***Findings of Fact***

Randal and Shelly VanderLeest, owners of property located at 11698 NW 115th Street, Granger, Iowa, appeal from the Polk County Board of Review decision reassessing their property. According to the property record card, the subject property consists of a ranch dwelling having 1942 total square feet of living area, a full basement with 1233 square feet of finished area, and an attached 1080 square-foot three-car garage. The main dwelling was built in 2007, and has a 2+10 quality grade. The dwelling is situated on a 1.795 acre site.

The real estate was classified as residential on the initial assessment of January 1, 2010, and valued at \$429,200, representing \$57,400 in land value and \$371,800 in dwelling value. This was a change from the 2009 assessment.<sup>1</sup>

VanderLeests protested to the Board of Review on the ground that that the assessment was not equitable with the assessments of like properties in the assessing jurisdiction under Iowa Code section 441.37(1)(a), and that there had been a change in the value since the last reassessment under section 441.37(1) and section 441.35(3). In a reassessment year, this is akin to a claim that the property is assessed for more than authorized by law under section 441.37(1)(b). We note that the appellant's claim of downward change in value in an assessment year is akin to a challenge on market value. *Dedham Coop. Ass'n v. Carroll County Bd. of Review*, 2006 WL 1750300 (Iowa Ct. App.) (unpublished). The Board of Review denied the protest.

VanderLeests then filed their appeal with this Board claiming the same grounds and sought an assessed value of \$394,684, allocated \$52,808 to land value and \$341,876 to dwelling value. They argue the County had their home appraised as of January 1, 2009, and homes sale values in the area are down. They believe their assessment is 7.50 % to 8.25 % too high.

They offered an exhibit comparing the assessor's cost reports for their property and the neighboring property at 11682 NW 115th Street. The market adjusted replacement cost less depreciation (RCNLD), plus the land value, for the subject property is \$360,630, or \$190.44 per square foot. The RCNLD for the detached garage is \$16,832. The RCNLD for 11682 NW 115th Street, including land value, is \$279,953 or \$113.66. The RCNLD for its detached garage is \$22,443. It appears the discrepancy in valuation is the result of differences in age, grade, features, and amenities. The neighboring property site is smaller, and although it has 584 square feet more living area and 584

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<sup>1</sup> The VanderLeests and the Board of Review stipulated to a value of \$415,000 for the 2009 assessment based on an appraisal by Cris Swaim. The appraiser estimated a value of \$430,000 upon completion of the detached garage under construction at the time.

square feet more basement area, it lacks the 1233 square feet of basement finish and the geo-thermal heating of the subject property. The neighboring residence has one less bathroom, one more fireplace, a smaller open porch, and no patio as compared to the subject.

Many of these differences seem to counter-balance one another; however, the difference in quality grades between the two properties results in differences by the cost method. For example, the base cost for the main living area of the subject property at grade 2+10 is \$89.34 per square foot and the base cost of 11682 NW 115th Street at grade 2-10 is \$66.80 per square foot, 25% less. The total RNCLD of the subject property is \$188.53 per square foot and for 11682 NW 115th Street it is \$116.91 per square foot. The quality grade difference ultimately results in the significant valuation differences. The quality grades of the seven area properties listed by the VanderLeests range from 3+05 to 2+00 with a median of 2-10. The properties are all located in the Jefferson Township neighborhoods JEO1/C3 and JEO1/C4 in Granger. VanderLeests' 2+10 grade is higher than the upper end of the range for these area properties. Additionally, VanderLeests report their neighbor at 11682 NW 115th Street has superior construction, insulation, countertops, and cabinetry compared to their dwelling and is graded lower. The following chart summarizes this information:

<b>Address</b>	<b>Grade</b>
11968 NW 118th, Avenue	3+10
11997 NW 115th Avenue	3+05
11682 NW 115th Street	2-10
11626 NW 115th Avenue	2-10
11790 NW Beaver Drive	2-05
11359 NW 115th Street	2-05
11486 NW 118th Avenue	2+00
<b>Subject</b>	<b>2+10</b>

VanderLeests also submitted data on six sales including the sale date, price, and 2009 assessed value of each property to show the properties were selling for a median of 7.5% less than their 2009 assessments. These were the only sales that occurred in the subject property's neighborhood in 2009. At our request, the Board of Review provided property record cards for these properties. Testimony

indicated two of these were distress sales, which might have distorted the value. This was confirmed by the property record cards. These distress sales were excluded from this chart which summarizes the remaining four sales:

Address	Sale Date	Sale Price	2009 AV	Sales Ratio	2010 AV
11968 NW 118th Avenue	10/8/2009	\$ 295,500	\$ 323,600	110%	\$278,200
11790 NW Beaver Drive	9/22/2009	\$ 358,000	\$ 374,100	104%	\$344,500
11997 NW 115th Avenue	10/12/2009	\$ 249,500	\$ 261,300	105%	\$244,000
11359 NW 115th Avenue	7/22/2009	\$ 325,000	\$ 368,100	113%	\$355,900
Average				108.5%	
Median				107.5%	

Reviewing the record as a whole, we find the preponderance of the evidence supports VanderLeests contention that their property is over-assessed considering a decline in sales prices in their neighborhood.

We find the 2010 assessment of \$429,200 should be adjusted -7.5% to \$397,010 to reflect median market decline as of January 1, 2010, in the subject property's neighborhood. We also find an investigation by the assessor's office to assure uniform grading in the VanderLeests' area may be warranted.<sup>2</sup>

### ***Conclusion of Law***

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2009). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or

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<sup>2</sup> The residential grading schedule is a vehicle to arrive at a uniform value of improvements within a given area. IOWA DEPARTMENT OF REVENUE, IOWA REAL PROPERTY APPRAISAL MANUAL 7-2 (2008).

additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are also to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property "shall be one hundred percent of its actual value." § 441.21(1)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shriver*, 257 Iowa 575, 133 N.W.2d 709 (1965). The six criteria include evidence showing

"(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination."

*Id.* at 579-580. The gist of this test is ratio difference between assessment and market value, even though Iowa law now requires assessments to be 100% of market value. § 441.21(1). Ultimately the evidence did not show the properties were inequitably assessed under these methods.

In an appeal that alleges the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(b), there must be evidence that the assessment is excessive and the

correct value of the property. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).


The 2010 assessment of \$429,200 appears to be based on the Swaim appraisal value opinion “as completed” with the completion of the garage then under construction. It was not adjusted to reflect subsequent market change. VanderLeests’ 2009 sales/assessments ratio statistics for their neighborhood indicated a pattern of declining sales values as of January 1, 2010, for the listed properties. Sale/assessment ratios indicate a median market area decline of approximately 7.5% between the 2009 assessments and late 2009 sales. For these same residential properties, the 2010 assessments had a median reduction of 7.25% from the previous year’s assessment. The subject property was not reduced. This evidence supports a similar reduction in the Vanderleests’ assessment.

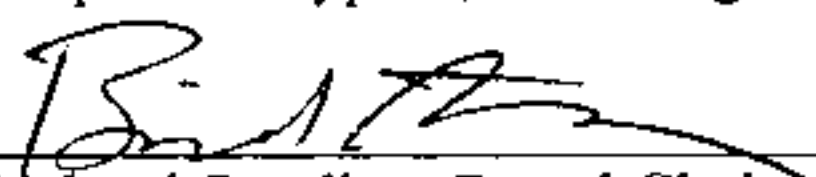
Viewing the evidence as a whole, we determine that the preponderance of the evidence supports VanderLeests’ claim of over-assessment as of January 1, 2010. Therefore, we modify the VanderLeests’ property assessment as determined by the Board of Review. The Appeal Board determines that the property assessment value as of January 1, 2010, is \$397,000 (rounded), representing \$57,400 in land value and \$339,600 (rounded) in dwelling value.

THE APPEAL BOARD ORDERS that the January 1, 2010, assessment as determined by the Polk County Board of Review is modified as set forth herein.

The Secretary of the State of Iowa Property Assessment Appeal Board shall mail a copy of this Order to the Polk County Auditor and all tax records, assessment books and other records pertaining to the assessment referenced herein on the subject parcel shall be corrected accordingly.

Dated this 14 day of June 2011.

  
Jacqueline Rypma, Presiding Officer

  
Richard Stradley, Board Chair

  
Karen Oberman, Board Member

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Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>6-14</u> , 201 <u>1</u>	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	